Department of Finance 2007-03106/

News Release

Immediate release

Vancouver, December 15, 2006
2006-083

Minister Flaherty Announces New Collaborative Steps With Provincial and Territorial Finance Ministers

The Honourable Jim Flaherty, Minister of Finance, issued the following statement today at the conclusion of his meeting with provincial and territorial counterparts:

"We had a productive meeting, a healthy exchange of views, and made considerable progress on the issues before us. There was a great deal of support for the priorities set out in the *Advantage Canada* plan.

Our discussions focused on three areas in particular: strengthening the economic union, tax collaboration, and shared priorities such as support for infrastructure, post-secondary education and training, and important national transfer programs, including Equalization and Territorial Formula Financing (TFF).

We have agreed to work together on a number of shared priorities. Three joint working groups of officials from the federal government and interested provinces have been established to examine how Finance Ministers from all jurisdictions can contribute to making progress on:

- Improving international competitiveness by strengthening internal trade and labour mobility, and improving regulatory efficiency;
- Tax collaboration on the Working Income Tax Benefit (WITB), tax harmonization, the recommendations of the Expert Panel on Financial Security for Children with Severe Disabilities, and implementation of the proposed distribution tax on publicly traded income trusts and other flow-through entities; and
- Reducing the paper burden on businesses.

The results of the work on tax harmonization, labour mobility and reduced paper burden will be presented to Ministers at our next meeting, expected in June 2007. As part of my pre-budget process, I look forward to receiving reports early in 2007 on joint work on the implementation of the WITB and the recommendations of the Expert Panel on Financial Security for Children with Severe Disabilities.

Ministers also agreed to accelerate progress on more collaborative and efficient securities regulation and enforcement in Canada, with a focus on performance and outcomes. At the invitation of provincial and territorial finance ministers, the Government of Canada indicated it is prepared to join the Council of Ministers of Securities Regulation in order to push for progress towards a common securities regulator.

We also continued our dialogue on Canada's New Government's plan to restore fiscal balance. On Equalization and TFF, all ministers reiterated their support for returning these programs to principle-based formulas. Provincial and territorial Ministers also stressed the importance of obtaining certainty with respect to 2007-08 payments to facilitate their budget planning. There was extensive and useful discussion on the importance of predictable, long-term funding for post-secondary education and training, and how governments can most effectively ensure that Canada continues to have one of the best-educated and most highly skilled workforces in the world.

Our goal in Vancouver was to share views in advance of my next budget on the main issues to help restore fiscal balance in Canada and build a stronger economy for Canadians. That is exactly what we achieved at this meeting."

For further information, media may contact:

Eric Richer
Press Secretary
Office of the Minister of Finance
613-996-7861

David Gamble
Media Relations
Department of Finance
613-996-8080

www.fin.gc.ca

If you would like to receive automatic e-mail notification of all news releases, please visit the Department of Finance website at www.fin.gc.ca/scripts/register_e.asp